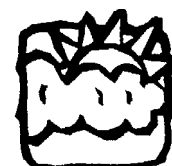


5. Implementation, Governance and Finance Issues

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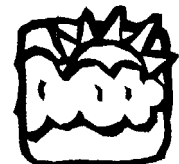
5. Implementation, Governance and Finance Issues

The Water Transfer Program consists of recommendations for actions, policies, and processes that provide a framework for solutions to the problems associated with a water transfer market. The plan will address implementation of recommendations that are still undergoing refinement through continuing stakeholder and agency discussion on unresolved issues, as well as implementation of more specific action- or policy-based recommendations. The Water Transfer Program will be further refined as resolution is reached on the issues through processes which will continue into the implementation stage of the CALFED Program. This section describes the anticipated implementation program, associated governance needs, and a financing plan to make it all work.

Assurances that solutions for water transfer issues can be implemented as agreed upon are in many cases contained in the recommendations themselves, rather than through an external device. For example, the recommendation to establish a water transfer clearinghouse is both a partial solution to the problem of third-party impacts and an assurance that third parties and others interested in water transfers will gain access to the information they need to be informed about the beneficial and adverse impacts of a proposed transfer. Other parts of the Water Transfer Program also function the same way—they serve as both a substantive component of the program and an assurance that solutions will be implemented as agreed upon.

5.1 STAGE 1 IMPLEMENTATION

Stage 1 is defined as the 7-year period commencing with the final decision on the Programmatic EIS/EIR. The Stage 1 actions are an important part of the effort to balance overall program benefits of the Preferred Program Alternative, and lay a solid foundation for successful implementation of the entire CALFED Program. The first stage implements the recommended changes which, once implemented, will continue to function in subsequent stages. The prioritization of these and other water transfer actions are discussed in the accompanying Implementation Plan Appendix (one of several appendices supporting the CALFED Bay-Delta Program's Programmatic EIS/EIR).



These actions will be implemented after the Programmatic EIS/EIR is finalized and any subsequent environmental documentation, if necessary, is completed. The Stage 1 actions are:

5.1.1 DEVELOP AN INTERACTIVE WATER TRANSFER WEB-SITE

As described in Section 4.2 and portrayed in Figure 4-2, CALFED agencies propose to develop and implement an interactive, publicly available web-site. This web site will provide interface for stakeholders and the public with respect to CALFED water transfer actions including: 1) streamlining the approval process, 2) defining transferable water, 3) providing public disclosure of proposed transfers (the Information Clearinghouse concept), and 4) facilitating the sharing of water transfer related data, research, and assessment methodology. The web-site, currently dubbed "On Tap" will initially be designed to include:

- an on-line transfer application process that will provide proponents with information regarding who has approval authority (USBR, SWRCB, DWR), what must be provided to the responsible agency, and what criteria the agency will use during the review period;
- a searchable database of all approved transfers (going back to the late 1980's and adding new transfers as they are approved);
- information regarding other CALFED Water Transfer Program actions.

CALFED proposes that the initial version of this web-site will be publicly available in the first year after signing of the Record of Decision.

5.1.2 ENVIRONMENTAL, SOCIOECONOMIC, AND WATER RESOURCE PROTECTION ACTIONS

1. Establish the California Water Transfers Information Clearinghouse to collect and disseminate data and information relating to water transfers and potential transfer impacts, and perform research using historic data to understand water transfer impacts (yr 1).
2. Coordinate with CALFED agencies to potentially require water transfer applicants to provide additional impact assessment information (yr 1).
3. CALFED agencies will identify, arrange, fund, and carry out a specific number of targeted water transfers for instream environmental purposes as part of the Program's Ecosystem Restoration Program. These transfers will be used to evaluate the effectiveness of and make any necessary improvements to California Water Code Section 1707 procedures. CALFED agencies will also work with stakeholders to refine appropriate rules and procedures and to formulate tracking protocols to ensure the effectiveness of these environmental water transfers (yr 1-3).
4. CALFED agencies will work with stakeholders, the Legislature, and local agencies to identify appropriate assistance to enable local agencies to develop and implement groundwater management programs to protect groundwater basins in water transfer source areas. This action will primarily be implemented through conjunctive use and groundwater banking actions included under the Storage and Conveyance program actions (yr 1-2).

5.1.3 TECHNICAL, OPERATIONAL, AND ADMINISTRATIVE ACTIONS

1. Development by CALFED agencies of a streamlined water transfer approval process including preparation of a Guidebook and interactive web-site (yr 1-2).
2. Develop a process to evaluate the potential for additional expedited approval of short-term and other appropriate transfers (DWR, USBR, and SWRCB) (yr 1-3).
3. Work with stakeholder representatives to clarify and define what water is deemed transferrable under what conditions (yr 1-3).
4. Work with stakeholder representatives to resolve conflicts over carriage water criteria (yr 1).
5. Establish a refill criteria policy for reservoir storage based water transfers (yr 1).

5.1.4 WHEELING AND ACCESS TO STATE/FEDERAL FACILITY ACTIONS

1. Begin forecasting and disclosure of potential conveyance capacity in existing export facilities (DWR and USBR), in conjunction with hydrologic forecasts (yr 1).
2. Work with stakeholders to develop an agreed upon set of policies and procedures governing the determination of transport system availability and costs, including procedures to determine the fair reimbursement to the water conveyance facility operator (yr 1-3).

5.2 GOVERNANCE MECHANISMS

The following section describes the governance mechanism being proposed by CALFED to oversee the implementation of the Water Transfer Program Plan. More detailed information can be found in the Implementation Plan Appendix (one of several appendices supporting the CALFED Bay-Delta Program's Draft Programmatic EIR/EIS).

5.2.1 EXISTING WATER TRANSFER GOVERNANCE

Most transfers are carried out by agreement among two or more local agencies, without regulatory action by the State. Transfers which involve changes in place or purpose of use of permitted or licensed water rights require the approval of the State Water Resources Control Board. Transfers which require the use of state or federal facilities or which may affect project operations require the concurrence or approval of DWR and/or USBR. Additionally, DWR has operated a water bank in drought years and more recently USBR and USFWS have carried out an interim water acquisition program under CVPLA to obtain supplemental fish and water quality flows.

5.2.2 INTERIM WATER TRANSFER GOVERNANCE

Most of the water transfer program recommendations can be characterized as changes or refinements in agency policy or procedure, which once accomplished, become part of an agency's operations. For example, streamlining the approval process will require the agencies to clarify their existing procedures and resolve some outstanding technical issues. They will also have the ongoing responsibility to achieve the transfer objectives of the CALFED Program. Most, if not all, of the water transfer program recommendations should be implemented in the first few years following the ROD, prior to the end of Stage 1.

There are four governance functions involved in implementing the water transfer program recommendations during the interim period (Stage 1):

- existing agencies with jurisdiction over water transfers would directly implement any changes in their own policies or procedures;
- as CALFED member agencies, these agencies would be accountable to CALFED for implementation of the program recommendations;
- CALFED Program staff will continue to provide coordination among CALFED program elements and among agencies with jurisdiction over water transfers and use of project facilities, including the facilitation of processes for resolving water transfer issues; and
- the CALFED Policy Group in its oversight capacity would be responsible for ensuring that the water transfer program plan is implemented in a manner that is consistent with other program elements, for conflict resolution and for assuring that linkages to other program elements are maintained.

5.2.3 LONG TERM GOVERNANCE

The Bureau of Reclamation and the Department of Water Resources will continue to have jurisdiction over the use of and access to their respective project facilities. These agencies will work in close coordination with the SWRCB to provide a consistent set of rules and guidelines for water transfers and a streamlined transfer review and approval process.

At the program oversight level, the long-term functions associated with the water transfer program plan are primarily to ensure that linkages are maintained and performance objectives are being met. This may entail monitoring the implementation of certain recommendations to make sure that they will not jeopardize other important program actions. For example, if establishment of a functional Information Clearinghouse is a prerequisite for building new storage, but the clearinghouse is never funded by the Legislature, new storage could be jeopardized. The oversight entity will be responsible for responding to this type of contingency. CALFED staff will continue to provide interagency coordination and act as conduit to the Policy Group (or the oversight entity) for oversight matters.

5.3 FINANCING PLAN

With the signing of the Record of Decision, CALFED will need to have a financing plan in place to begin implementation of all aspects of the Preferred Program Alternative. A finance plan will guide State and federal administration and legislative discussions regarding new bonds, new fees, and budget appropriations. The Draft Finance Plan is contained in the *Implementation Plan Appendix*. The Plan provides background, definitions, description of program benefits, description of possible funding sources, financing options, and issues to resolve to finalize a Finance Plan. A brief summary of the finance plan for the Water Transfer Program is described below.

5.3.1 PROGRAM BENEFICIARIES

A fundamental philosophy of the CALFED program is that costs should, to the extent possible, be paid by the beneficiaries of the program actions. This approach encourages examination of a full range of alternatives, including locally funded measures, in order to assure that public funds are spent in the most cost-effective way to meet program goals.

The primary purpose of the Water Transfer Program is to facilitate the development of a water transfer market which benefits buyers and sellers and protects environmental values and the public interest. Beneficiaries of the Water Transfer Program can be described as follows:

- Agricultural, M&I, or environmental users who purchase water would benefit from increased water supplies and increased water supply reliability;
- Water users who willingly sell water would benefit from the additional revenues generated from a transfer which would allow investment in local water management, environmental or economic improvements (most water will be purchased from existing agricultural users, but some may also be derived from M&I users);
- All agricultural and M&I water suppliers and users would benefit from environmental water transfers because, as environmental conditions improve, regulatory constraints on water diversions should relax;
- The general public would benefit from water transfers for consumptive uses that, to some extent, offset or defer the need for new facilities or other potentially environmentally degrading water supply sources, or sources that would be built at public expense. Benefit would also be derived from legally protected environmental transfers (i.e., under Water Code Section 1707) to augment instream flows above regulatory baseline conditions resulting in improved environmental conditions.

5.3.2 EXISTING WATER TRANSFER PROGRAM FINANCING

CALFED's finance strategy must be considered within the current and historical context of state and federal water resources financing. Currently, agencies which have jurisdictional authorities to administer transfers (USBR, DWR, SWRCB) use a combination of application fees and public funds included in their budgets to administer and facilitate transfers.

5.3.3 PROGRAM FUNDING OPTIONS

Generally, the Water Transfer Program relies on the existing legal and regulatory framework of water rights and jurisdictional authorities and does not recommend any major changes to California water law. Thus, the changes resulting from the Water Transfer Program would not significantly broaden existing administrative functions. Since most of the actions in the Water Transfer program involve policy and procedural changes, their cost would be absorbed into existing agencies' budgets (USBR, DWR, and SWRCB) within the first few years. The principal costs of specific water transfers (water, application process, legal, and engineering costs) are paid for by buyers and sellers in the transaction, not by the agencies.

The proposed Information Clearinghouse, however, may be an exception. Several funding options for the Information Clearinghouse, are possible, including:

- buyers or sellers pay a transfer surcharge,
- combination of public funds and a transfer surcharge,
- use public funding.